Representative Aaron Schock
Statement for Ways and Means Hearing titled: China's Trade and Industrial Policies
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Thank you Chairman Levin. I would like first to thank you and Ranking Member Camp for holding this important hearing today to discuss the economic relationship between the U.S. and China.

You will find no disagreement here that there are some concerning aspects regarding China's aggressive international growth strategy and questionable currency valuation techniques. Recognizing that, China currently serves as our largest supplier of goods as well as the fastest growing consumer of American made goods. Any actions taken against China should keep those considerations and this important balance in mind.

Many domestic manufacturers rely on Chinese goods and raw materials in their manufacturing process. Punitive decisions taken outside the WTO like increasing tariffs on these business materials can raise the cost of doing business here in the U.S., and ultimately cost American jobs.

As you know my main concern is how can we create jobs here in the U.S. and match China's embrace of an aggressive international growth strategy. The methods set forth in the WTO can be, and already have been, utilized successfully as methods for correcting any trade discrepancies surrounding China.

Since arriving in Congress a year and half ago, one of my main focuses has been trying to ignite our Administration to open foreign markets by submitting the pending Free Trade Agreements. By now we all know the statistics about how much of a disadvantage the U.S. is currently at by failing to act on those agreements in place with Colombia, South Korea, and Panama. Almost 400,000 jobs not created, over $40 billion of economic opportunity lost. Earlier Mr. Hastings discussed the negative impact failing to enact these simple agreements has had on the Agriculture community. As someone who represents the Midwest, I can assure you that our farmers grow more and more frustrated as each day goes by and America continues to sit on the sidelines rather than engage consumers through the global trade community.

Just this past week the President spoke about a new $50 billion spending proposal from Washington to supposedly save or create more government jobs; much the same way the Stimulus was "supposed" to keep unemployment below 8 percent. This seems ridiculous given this Administrations own estimations that raising our exports by just 1 percent will create 250,000 jobs. In simpler terms, the choice is this, if someone offers you a Mercedes-Benz for $200,000 or offers you the same car for free, the choice becomes obvious. It is that exact opportunity we have here today…to create hundreds of thousands of jobs for free...free trade does truly represent free jobs.

While these pending trade agreements would certainly be a boon to the U.S. economy, they by no means compete with the robust and expansive agreements China has been entering into.

While the U.S. continues to be unwilling to make trade a priority, fails to push forward on the Doha Development Agenda, and is unable to take meaningful action to pass these simple agreements with Colombia, Panama, and South Korea…China and India have embarked on bold trade liberalization strategies.

By focusing on big markets, with high trade barriers and being willing to settle for less than perfect agreements, Asian trade pacts are becoming real, significant and are increasingly being factored into the sourcing and marketing strategies of American companies.

China currently has Trade Agreements in place with 6 of the 10 ASEAN Members (Singapore, Indonesia, Malaysia, Philippines, Brunei, Thailand), with Chile, Pakistan, and Peru; is actively negotiating with Taiwan, Australia, and Norway, is exploring trade talks with South Korea, and will have agreements in place with the remaining 4 ASEAN Members (Cambodia, Laos, Myanmar, Vietnam) in 2015. The scope of this change in Asia is daunting, but what may be even more noteworthy is that China is now proposing Free Trade Agreements with Japan, Korea, India and 17 smaller countries.

Logic can surmise that American exports, along with job growth in this country, will suffer as the more favorable business conditions in other countries are contrasted by the U.S. taking a “timeout on trade” and continuing to embrace the second highest tax rate in the developed world.

Market access has always been an important consideration when companies make sourcing decisions. But something is changing. In the past, American companies were concerned that protectionist barriers could lock U.S. exports out of the market. Today, the fear is that by only embracing regional trade liberalization and not taking a world wide approach, U.S. exports will be disadvantaged in the world's fastest growing markets overseas. Put another way, the U.S. is getting beat at its own game.

To maintain market access to China, India and ASEAN, the U.S. must not only get back into the game, we must once again become a world leader of trade liberalization. The best response would be to complete a comprehensive WTO agreement that would reduce worldwide trade barriers and thereby dampen the new Free Trade Agreement proliferation in Asia. Another good response would be for the U.S. to get serious about engaging in its own Free Trade Agreements with the large Asian economies.

For American business, the biggest takeaway from Asia's new trade policies may be that by embracing free trade, Asia is validating a confidence in the future that will attract new investments and encourage economic growth. For worldwide investors that dynamic will lessen risk and validate a confidence that Asia is a better place to invest than the U.S.

Meanwhile back in the U.S., we continue to fail to act upon those agreements with Colombia, Panama, and South Korea which are a fraction the size of those China has engaged in. It's no wonder foreign competitors are beginning to mock our current economic model and whisper that a "malaise" is again sweeping the American landscape. And while I hope that's not the case, a great country like the United States should not fear more trade with its closest friends. And make no mistake, Colombia, South Korea, and Panama have proven that they are among our closest allies.

Mr. Chairman, it is time for the U.S. to regain its confidence. It is time to get serious about opening foreign markets ... and it is time for this Administration and Congress to end the "happy talk" about wanting to double exports without taking the concrete steps which will help American farmers, businesses, and companies to create more jobs here in the United States.